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NEW REPORT EXAMINES PAYMENTS TO PHYSICIANS AND OTHER HEALTH CARE PRACTITIONERS FOR CARE PROVIDED TO MARYLANDERS

BALTIMORE, MD (March 19, 2004) -- A report that examines payments to physicians and other health care practitioners for care provided to privately insured Maryland residents under age 65 was released today by the Maryland Health Care Commission ("MHCC" or "Commission"). The report, *Practitioner Utilization: Trends within Privately Insured Patients, 2001-2002* is an analysis of health care claims and encounter data that most private health insurance plans serving Maryland residents submit annually to the Maryland Health Care Commission as part of the Medical Care Data Base. Among the principal findings:

- From 2001 to 2002, Maryland private insurers reported a 12 percent increase in the total quantity of physician and other practitioner services used by non-elderly privately insured Maryland residents. Most of the increase reflects continuing growth in service use by the insured population. The increase was mainly due to a larger quantity of care consumed by each insured person, and only to a lesser extent was driven by a small increase in the number of persons using care.
- In 2002, for the first time since at least 1999, the payment rates for practitioner services began to rise on average, for both non-HMO plans and for the fee-for-service payments of HMO plans. Maryland private payers' physician fees had fallen slightly from 1999 through 2001. In 2002, average fees increased 2.2 percent, driven mainly by a large increase in fees for office visits (led by a sharply increased fee level for one major Maryland insurer). Fees continued to rise through the first part of 2003, and by April 2003 average private fees for practitioners' services were about 3 percent above their 1999 level.
- Despite this recent increase in fees, Maryland appears to rank in the bottom one-quarter of all states in terms of the ratio of private payers' average practitioner fees compared to fees paid by Medicare. Factors contributing to low private fees in Maryland are an abundant supply of physicians, reasonably high managed-care penetration, and location near Northeast states in which private insurers pay relatively low physician fees.
- Non-HMO payment rates are about 3 percent above Medicare rates (on average) and HMO rates are about 3 percent lower in Maryland overall. Different pricing strategies and a different mix of payers, lead to significant regional variations in the gap between Medicare and private sector payment rates. The National Capital Area exhibited the greatest deviation from Medicare rates with non-HMOs paying about 9 percent above Medicare rates (on average), while fee-for-service payments by HMOs were about 5 percent below the Medicare rates (on average). In the Baltimore region, private HMO and non-HMO rates were modestly below average Medicare rates.

**The complete report is available at www.mhcc.state.md.us under "New Items."
For a hard copy call 410-764-3570.**